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Face the Nation

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Secretary Shultz

J MS. LESLEY STAHL: President Reagan's efforts to quiet the criticism of his secret arms shipments to Iran have only fueled the fire and brought on renewed attacks--from Congress, from moderate Arab states and from US allies.

THE PRESIDENT: I think most Americans will approve of our efforts to better relations between our countries, and rejoice that it has resulted in the freeing of some of our fellow citizens who had been hostages.

MS. STAHL: But the President's explanation why he sent arms to Iran and his denials of a trade for hostages were met with widespread skepticism.,

SENATOR CARL LEVIN [D.Mich.]: How in the name of heaven we could be saying one thing so clearly in public, we could be certifying one thing so clearly to the Congress, and doing something so totally different in fact.

I SENATOR BARRY GOLDWATER [R.Ariz.]: I think President Reagan has gotten his butt in a crack on this Iran thing.

MS. STAHL: President Reagan's admission that he approved arms deliveries to Iran is straining relations with friendly Arab nations, perturbed that just six weeks ago Secretary of State Shultz assured their delegations at the UN that the United States was not doing what the President now says he is doing.

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DONALD REGAN [White House Chief of Staff]: We are not trading arms for hostages.

MS. STAHL: The President's men pursue their sales campaign, a media blitz, trying to drown out the controversy, as the White House hinted it might refuse to cooperate with congressional investigations, suggesting officials would claim executive privilege and refuse to answer questions.

SENATOR ROBERT BYRD [Senate Minority Leader]: We have heard that the Secretary of State and the Secretary of Defense were displeased and irritated by this situation. So who's making policy?

MS. STAHL: Did the two cabinet secretaries oppose the secret plan, and if so, why? We'll ask Secretary of State George Shultz and we'll hear from incoming Speaker of the House, Jim Wright, on what plans the Democrats have for investigating the operation.

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MS. STAHL: With us now from Oklahoma City, House Majority Leader Jim Wright.

Welcome to Face the Nation, Mr. Wright.

REPRESENTATIVE WRIGHT: Thank you, Lesley.

MS. STAHL: As we know, congressional investigations are being planned. From what you know so far, has the Administration broken any laws in its operation with Iran?

REPRESENTATIVE WRIGHT: Yes, Lesley, it appears that laws have been broken.

Most members of Congress approve Mr. Reagan's efforts to seek a friendlier relationship with Iran, but we feel very strongly that he should not have sent arms to that terrorist country, nor should he have instructed his administrators to withhold vital information from the Congress for 18 months in contravention of the law.

MS. STAHL: Before I ask you about the investigations, and specifically what you think they violated, do you believe, despite what the President said, that in fact arms were traded for hostages?

REPRESENTATIVE WRIGHT: Lesley, it is my inclination to accept the word of the President of the United States as to his motives and his intentions. Unfortunately it must appear to many countries throughout the world that arms were exchanged, though indirectly.

I think our important mission is not to establish any precedent by which any country on earth may think that it can seize American citizens and hold them hostage and then barter their freedom for arms or for any other covert change in American foreign policy. We have to establish clearly that we Americans do not deal with terrorists; we don't deal in human misery or trade on human misery, and we don't pay ransom to kidnappers.

MS. STAHL: Well, if it wasn't for the hostages, do you agree that because, as the President says, Iran is of such strategic importance that it was necessary to show some good faith, a sign of good faith, and that therefore, sending, as he says, just some minuscule amounts of arms was worth it just to establish better relations?

REPRESENTATIVE WRIGHT; Well, we shouldn't have sent arms. We should have sent medical supplies or things of a benign character that their country needs.

I think, of course, that Iran is a very important geo-strategic country. It is a country with which we have in the past enjoyed very fine relationships. And I find no fault whatever with an effort on the part of the President and our State Department to try to explore every avenue of improving relations, particularly with the moderate factions in Iran.

But I don't think we should send arms, because I think the law expressly forbids the shipment of arms to terrorist countries, and the law expressly defines Iran

as such a country.

MS. STAHL: Well, what you're saying is being said almost universally by just about every expert, Democrats, Republicans, and you now have not only heard the President speak publicly, but you've been briefed at the White House. How do you think this came to happen with so many people saying we shouldn't have sent arms at all? How did it happen?

REPRESENTATIVE WRIGHT: Well, apparently the genesis of it was in January, January 17th, on which date the President wrote an instruction to the Director of the CIA to withhold from Congress information about this transaction.

That I think was the beginning of the difficulty. The law --

MS. STAHL; Was that a breaking of the law, in your mind?

REPRESENTATIVE WRIGHT: Yes, I believe that it is.

As I read Sections 501 and 502 of the National Security Act, there are express provisions to the effect that the CIA and every agency involved in intelligence activity must report to the Congress.

Now, on those extreme exigencies, which the law recognizes, where a sudden decision has to be made, in light of ever swiftly changing circumstances, it sets up an alternate provision under which the President may simply notify the leaders of Congress. But on this circumstance that wasn't followed.

That provision was followed, incidentally, just hours before the invasion of Grenada and just hours before the bombing of Libya. But in this instance, for 18 long months Congress was kept in the dark.

Now it's possible that under the constitutional provisions the President may be claiming executive privilege, but I don't believe it applies in this case.

And in that we are a government of laws and not a government of men, even the President of the United States is compelled to respect and obey the law.

And why we don't seek a confrontation -- we'd much rather have a conciliation and an understanding in which the President and the Congress can find an avenue in which they join to seek consensus. We have to call attention to the fact that these laws were written for a very clear purpose, and that purpose was to avoid mistakes in foreign policy. It's like the safety catch on a gun.

MS. STAHL: There are already hints that if you do try to hold a hearing and call or even subpoena the President's White House aides -- Mr. Poindexter, Oliver North, people who were the ones directly involved in this operation in Iran -- that they will refuse to testify on the grounds of executive privilege. And apparently the President has a legal right to prevent his aides from testifying to a congressional committee.

What would you do then?

REPRESENTATIVE WRIGHT: Lesley, let's not anticipate that. I hope it doesn't come to that.

MS. STAHL: But what if it does?

REPRESENTATIVE WRIGHT: It doesn't have to be that way.

MS. STAHL: And let me ask you something else. What if you all --

REPRESENTATIVE WRIGHT: I want to anticipate instead that our Administration is going to obey the law and respect the law.

MS. STAHL: Well, what if you determine that the White House broke the law or the President broke the law, what could you do about it? What's the recourse?

REPRESENTATIVE WRIGHT: I have no intention to try to

embarrass or punish any person in the executive branch. But I do think that we need to establish a very clear unequivocal precedent that the law is supreme, that it has to be followed.

MS. STAHL: Yes, but what would you do, if you all determined they broke the law, what can you do?

REPRESENTATIVE WRIGHT: Please don't put me in the position of uttering threats.

MS. STAHL: Well, speak hypothetically, without referring to President Reagan specifically. If the Congress finds that the White House, in a case like this, breaks the law, what could you do?

REPRESENTATIVE WRIGHT: Well, of course, there are other and extreme cases.

This is what came finally to the crashing confrontation and that very, very sad episode in American history surrounding Watergate and Mr. Nixon's claim of executive privilege.

Let's not even anticipate that something so severe as that would ever occur. We don't want that kind of thing. We want the creation of an atmosphere in which members of Congress and the President can sit down in mutual trust and mutual respect and talk these things out, as the law anticipates that we shall.

MS. STAHL: Mr. Wright, let me ask you a final question if I can. There are some people who say that because the Israelis were behind this, and perhaps even suggested this trade of arms, that the Congress will never really pursue this investigation. Can you respond to that?

REPRESENTATIVE WRIGHT: Lesley, I really don't think that has anything to do with it.

The law is clear., and it's unequivocal, and the Congress exists for the purpose of making laws, working with the President of the United States in the pursuit

of foreign policy.

We don't want to give the world the impression that we are so eaten apart by the corrosive acids of internal political division that we are incapable of conducting foreign policy.

We want to have unity, and I'd like to help restore the kind of an atmosphere that existed when I first came to Congress, when Sam Rayburn was the Speaker and Mr. Eisenhower was the President, and we worked together. And that's the kind of thing I'm inviting.

So I want to ask the President and the Secretary of State to be very assiduously mindful of the requirements of law so that we can avoid these things in the future.

MS. STAHL: Well, Mr. Wright, Secretary of State Shultz is coming up very shortly. We do thank you for being our guest.

RESPRESENTATIVE WRIGHT: Thank you, Lesley.

MS. STAHL: Thank you.

We will be back with the Secretary of State. But first this clip from 1980 when then candidate Reagan criticized then President Carter for his handling of the Iranian hostage crisis.

CANDIDATE-REAGAN: It is time for us to have a complete investigation as to the diplomatic efforts that were made in the beginning, why they have been there so long, and, when they come home, what did we have to do in order to bring that about, what arrangements were made. And I would suggest that Congress hold such an investigation.

[Announcements.]

MS. STAHL: Joining us now, Secretary of State George Shultz. Welcome to Face the Nation, Mr. Shultz.

Is it true, as has been widely reported that the secret shipment of arms to Iran, the operation, went forward despite your objections to it? And if that's true, why did you object to it?

SECRETARY SHULTZ: I never discuss the advice I give to the President, that's something between the President and I.

But let me tell you how I see this. First of all, as Congressman Wright, Speaker Wright, said, there was an opportunity to probe for a different relationship with Iran, and, because of the strategic situation, it undoubtedly is important to Iran, so there's something mutual there.

In addition, the war, Iran's terrorist acts, its efforts to ship its revolution abroad, constituted a problem, and if something could be done about that, we'd be better off. So the President decided on a probing operation to sort of feel his way, find out what might be done. In order to be effective, clearly that had to be done secretly. And I think people would agree on that.

In the course of that probe, which was conducted by his National Security Adviser, that's his designated hitter -- as the President said in his address to the nation last week, he decided that a signal should be sent in terms of a small defensive arms shipment, to show his serious intent and good faith. That's debatable. You can --

MS. STAHL: But that's the crux of it.

SECRETARY SHULTZ: No. Wait a minute. You can argue for that -- there are some good reasons why; you can argue against it. At any rate, when you get elected President, that's one of the things you get the right to do, is to make decisions of that kind. So the President decided on this signal, and he did it. And he --

MS. STAHL: On whose advice, though?

SECRETARY SHULTZ: And he set that out before the nation very clearly.

Now the probe has gone on, and we all recognize that there are two principal obstacles to the kind of relationship we'd like to see with Iran.

One is the continuing war with Iraq -- and Iran is the country that seems intransigent, not wanting to get it settled.

Furthermore, Iran has and continues to pursue a policy of terrorism, as shown, for example, in the fact that some terrorists were part of the pilgrimage to Mecca recently, last summer, so they continue in that policy.

And we have to be concerned about terrorism, whether directed against us or directed against anybody else. So those are two principal and mixed-together obstacles.

MS. STAHL: May I ask you --

SECRETARY SHULTZ: And we need to, of course, respond to those. And among our responses is our denial of arms shipments to Iran. And that policy remains our policy, it is in effect, and there it is.

MS. STAHL: You must explain that to the American people. You --

SECRETARY SHULTZ: I've just explained it.

MS. STAHL: No, that -- let's try to concentrate on the arms part of this.

Everybody will -- I will stipulate with you that a lot of people think the probe was a good idea. It's the arms that everybody is concerned about.

First, before we even get into what you just said, that that continues to be our policy, you went yourself to the UN six weeks ago while this secret operation was

underway, after the President had sent some arms directly, and apparently sanctioned, condoned, third-party shipments to Iran, and told the moderate Arab states at the UN that we weren't doing that. Now, how could you have done that?

SECRETARY SHULTZ: The President decided, as he said publicly to the nation -- he didn't particularly want to disclose it at that time but he felt he needed to-

MS. STAHL: Because he got ccaught.

SECRETARY SHULTZ: Well, no, I don't think that's a fair way to put it. He was conducting an ongoing probe, and he was seeing some responses to that, and so he wanted to keep it going -- and I think we all recognize that, for better or worse, all of the publicity probably sets that back somewhat.

At any rate, he decided to put forward as a gesture-- as a signal, I think was the word he used -- of his good intent, something that they recognized was tough for him to do, and he did it, and wanting to give a signal of a desire for a different kind of relationship.

Now that's controversial. And there it is. You can argue for it, you can argue against it.

MS. STAHL: But why did you then go and tell the Arabs that we weren't doing that?

SECRETARY SHULTZ: First of all, my own information about the operational aspects of what was going on was fragmentary at best. So that's one point. Second, our policy, insofar as arms shipments is concerned, remains and there hasn't been any flood of US arms to Iran as seems to be implied, as far as I understand.

MS. STAHL: I still don't understand why you went and pledged and told the moderate Arab states that we were not sending shipments of arms to Iran when we were.

SECRETARY SHULTZ: Well, as far as I knew at that time, we didn't have any ongoing further signals. We had a signal, we had given the signal, and our discussion continued. It's a problem. But the President decided to send something small as a signal, and he did it.

MS. STAHL: I don't want to badger you, but you are not answering my question.

SECRETARY SHULTZ: Well, no, you can badger me.

MS. STAHL: Why did you -- okay, good -- why did you not tell the Arabs the truth? Why did you tell them an untruth?

SECRETARY SHULTZ: The basic truth is that we continue to have a very firm arms embargo, and we continue to--

MS. STAHL: How can you say that to the American people?

SECRETARY SHULTZ: -- work at it.

MS. STAHL: You're trying to say -- you know, it's just like Daniloff, you try to tell us that a swap wasn't a swap, you are trying to tell us that we have a policy of not sending arms when we have sent arms directly and we have permitted it through Israel -- and I expect that you are not going to confirm that, but we all know that.

Now, how can you say we have a policy against sending arms to Iran? How can you look at the American people and tell them that?

SECRETARY SHULTZ: We have a policy of not sending arms, and the President decided that he would go ahead and send this signal. And that's a decision that he made in the light of all the circumstances. And, as I say, you can argue for it and you can argue against it, but there it is.

MS. STAHL: What did we get in return for the shipments of arms?

SECRETARY SHULTZ: Well, it remains to be seen what precisely takes place.

There is a certain amount of evidence that our ability to talk to Iran in a sensible fashion has improved, and a certain amount of evidence that their terrorist acts against Americans at least has improved. Although I want to quickly say that we must look on the terrorism matter as an international matter, not just something limited to Americans.

MS. STAHL: Did you ever consider resigning over this?

SECRETARY SHULTZ: Oh, I talked to the President. I serve at his pleasure, and anything that I have to say on that subject I'd just say to him.

MS. STAHL: Who has taken the three new hostages? Mr. Poindexter, the National Security Adviser, went on a television show earlier this week and said that radical elements in Iran took the three new hostages. Is that your understanding?

SECRETARY SHULTZ: I think it's hard to know exactly what is going on. We don't know where our hostages are, and we don't know exactly who holds them. But it does seem to be reasonably clear that groups in Lebanon associated with Iran are the ones who are dealing with the hostages.

MS. STAHL: Now, let me ask you about US --

SECRETARY SHULTZ: And I might say that Iran's use of terrorism, Iran's taking of hostages, to me is something that we have to fight against very hard and unequivocally.

MS. STAHL: What can the United States do to restore its credibility, it's great damaged credibility, over this with the Arabs who are scolding mad, as I know you know, because you have been meeting with some of their representatives here, and US allies who we've been leaning on not to send shipments of arms to Iran. What

What are you going to do to try to repair this damage?

SECRETARY SHULTZ: We have set out our policy, let them know clearly that what we sent was a signal -- a signal has been sent, and that's that; and to continue to probe and probably have to put it in some different framework with all of the publicity about it.

MS. STAHL: Let me ask you, if you tell our allies and other diplomats that our policy remains to embargo arms against Iran, aren't they just going to smile and laugh and say, come on, you're doing it, we're going to do it?

SECRETARY SHULTZ: Probably they will.

On the other hand, we have to be serious about it ourselves. And we have to reinforce it. And we have to point out to them the reason why we have that policy. And the reason why we have it applies to them as well: we have a stake in a changed Iran, they have a stake in an end of the war, they have a stake in a change in terror, and so on.

So I think the basic policies of probing Iran but at the same time being tough about an arms embargo and being tough on terrorism and not trading arms for hostages -- the President said that that was not his intention and he did not do that. And I think it is clearly wrong to trade arms for hostages. So that is our policy, that remains our policy.

And I might say that all of the public discussion probably helped somewhat, because it has kind of confirmed the fact that, cruel as it may seem to the families involved -- and we all can feel that -- still, it isn't the right thing for governments to trade arms or anything else for hostages, just because it encourages taking more.

MS. STAHL: Will there be any more arms shipments to Iran, either directly by our government or through third parties?

SECRETARY SHULTZ: It's certainly against our policy.

MS. STAHL: That's not an answer.

SECRETARY SHULTZ: And I think the signal has been given.

MS. STAHL: Well, sir, it was against our policy before and we went ahead and did it. You seem to be saying there will be.

SECRETARY SHULTZ: We gave a signal and the signal has been given, and, as far as I'm concerned, I don't see any need for further signals.

MS. STAHL: Well, then, why don't you answer the question directly? I'll ask it again. Will there be any more arms shipments to Iran, either directly by the United States or through any third parties?

SECRETARY SHULTZ: Under the circumstances of Iran's war with Iraq, its pursuit of terrorism, its association with those holding our hostages, I would certainly say, as far as I'm concerned, no.

MS. STAHL: Do you have the authority to speak for the entire Administration?

SECRETARY SHULTZ: No.

MS. STAHL: On that note we'll take a short break and we'll be back after this message.

[Announcements]

MS. STAHL: To my own amazement, we have run out of time.

I would like to thank the Secretary of State for being our guest.